

Message Text

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C O N F I D E N T I A L CARACAS 1425

E.O. 11652: GDS

TAGS: PFOR, ENRG, EGEN, VE, CA

SUBJECT: TRUDEAU VISIT

SUMMARY. DURING HIS RECENT FIVE DAY VISIT TO VENEZUELA, CANADIAN PRIME MINISTER TRUDEAU SOUGHT TO IMPROVE CANADA'S ADVERSE BALANCE OF TRADE WITH VENEZUELA AND EXPLORE FUTURE OIL SUPPLY ARRANGEMENTS. PRESIDENT PEREZ EMPHASIZED THE GOV'S DESIRE TO CONCLUDE A GOVERNMENT-TO-GOVERNMENT SALES AGREEMENT WITH CANADA AND CUT OUT THE MULTINATIONAL COMPANIES AS MIDDLEMEN. PEREZ ALSO INVITED CANADA TO CONDUCT ITS ECONOMIC RELATIONS WITH LATIN AMERICA THROUGH SELA. THE CANADIAN VISITORS SCORED THE VISIT A SOLID SUCCESS IN STRENGTHENING CANADA'S LATIN AMERICAN CONNECTIONS. END SUMMARY.

1. CANADIAN PRIME MINISTER PIERRE ELLIOT TRUDEAU ON FEBRUARY 2 CONCLUDED THE FIRST OFFICIAL VISIT BY A CANADIAN PRIME MINISTER TO VENEZUELA. TRUDEAU, ACCOMPANIED BY MRS. TRUDEAU AND AN OFFICIAL PARTY, NUMBERING SEVEN OFFICIALS AND THIRTEEN OTHERS, ARRIVED JANUARY 29 AFTER EARLIER VISITS TO MEXICO AND CUBA. THE VISIT
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WAS TIMED TO COINCIDE WITH A MEETING HERE OF THE CANADIAN ASSOCIATION

FOR LATIN AMERICA, WHICH AIMS AT INCREASING COMMERCIAL RELATIONS BETWEEN CANADA AND LATIN AMERICA. THE MAIN EVENTS IN THE TRUDEAU VISIT INCLUDED TWO MEETINGS WITH PRESIDENT PEREZ, A STATE DINNER GIVEN IN THE TRUDEAUS' HONOR, A RECEPTION GIVEN BY THE CANADIAN PRIME MINISTER, A ONE-DAY TRIP TO ANGEL FALLS WHICH INCLUDED AN OVERFLIGHT OF THE CIUDAD GUAYANA MINING AND INDUSTRIAL COMPLEX, THE ISSUANCE OF A JOINT COMMUNIQUE, AND A PRESS CONFERENCE.

2. PETROLEUM MATTERS WERE THE MAJOR SUBJECT DISCUSSED BY PEREZ AND TRUDEAU. VENEZUELA EXPORTS APPROXIMATELY 220,000 B/D TO CANADA (ABOUT ONE-FIFTH OF ALL VENEZUELAN OIL EXPORTS) AND IS CONCERNED OVER REPORTS THAT CANADA WILL NO LONGER NEED VENEZUELAN OIL WHEN A NEW TRANS-CANADA PIPELINE SYSTEM BECOMES OPERATIONAL NEXT YEAR. PEREZ ALSO REPORTEDLY EMPHASIZED THE GOV'S DESIRE TO CONCLUDE GOVERNMENT-TO-GOVERNMENT SALES WITH CANADA, I.E. BETWEEN THE TWO STATE-OWNED PETROLEUM COMPANIES, CUTTING OUT THE MULTI-NATIONAL INTERMEDIARIES. TRUDEAU REPORTEDLY ASSURED PEREZ THAT CANADA WILL CONTINUE TO BE A MARKET FOR VENEZUELAN OIL BUT STOPPED SHORT OF NEGOTIATING A LONG-TERM PURCHASE AGREEMENT BETWEEN THE TWO GOVERNMENTS. HE AGREED TO FURTHER BILATERAL TALKS CONCERNING DIRECT OIL SALES WITHOUT COMITING THE GOC TO THE GOVERNMENT-TO-GOVERNMENT CONCEPT. WITH RESPECT TO PRESENT OIL SUPPLY ARRANGEMENTS, PETROVEN ANNOUNCED ON FEBRUARY 4 ADDITIONAL OIL SALES TO CANADA OF 250,000 B/D. (SEE SEPTTEL).

3. OTHER SUBJECTS DISCUSSED BY THE TWO HEADS-OF-GOVERNMENT RELATED TO TRUDEAU'S DESIRE TO REDUCE CANADA'S SEVERE TRADE DEFICIT WITH VENEZUELA THROUGH GREATER VENEZUELAN PURCHASES OF CANADIAN GOODS AND SERVICES. THESE SUBJECTS INCLUDED:

- A. THE POSSIBILITY OF AN EXCHANGE OF PETROLEUM TECHNOLOGY, PARTICULARLY IN VIEW OF THE GOV'S DESIRE TO DEVELOP THE ORINOCO PETROLIFEROUS BELT AND CANADA'S EXPERIENCE WITH THE ATHABASCA OIL SANDS DEPOSITS;
 - B. CANADA'S BID TO SELL EXPERTISE AND EQUIPMENT TO VENEZUELA IN CONNECTION WITH THE PROPOSED CIUDAD GUAYANA-SAN JUAN DE LOS MORROS RAILWAY LINK AS A MEANS OF CORRECTING CANADA'S TRADE IMBALANCE WITH VENEZUELA;
 - C. THE GOV'S INTEREST IN OBTAINING COMMERCIAL AIRCRAFT FROM CANADA;
 - D. THE GOC'S OFFER TO HELP VENEZUELA WITH THE CONSERVATION
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- OF ITS FOREST RESERVES;
- E. POSSIBLE CANADIAN GRAIN SALES TO VENEZUELA;
- F. THE POSSIBLE PURCHASE BY VENEZUELA OF NUCLEAR REACTORS FROM CANADA.

4. PEREZ MADE CLEAR VENEZUELA'S DESIRE THAT CANADA PLAY A MORE ACTIVE ROLE IN HEMISPHERIC AFFAIRS AND URGED CLOSER COLLABORATION WITH THE OAS. PEREZ INVITED THE GOC TO CONDUCT ITS ECONOMIC

RELATIONS WITH LATIN AMERICA THROUGH THE NEWLY FORMED LATIN AMERICAN ECONOMIC SYSTEM-SELA. TRUDEAU PRIASED THE FORMATION OF SELA AND SAID THAT HE HOPED TO SEE THE SAME SORT OF CLOSE COMMERCIAL AND ECONOMIC RELATIONS AS THOSE BETWEEN CANADA AND THE EC.

5. THE COMMUNIQUE SIGNED FEBRUARY 2 EMPHASIZED THE DESIRE OF BOTH COUNTRIES TO EXPAND RELATIONS AND THEIR AGREEMENT TO BEGIN TALKS ON ADDITIONAL ECONOMIC, COMMERCIAL, INDUSTRIAL AND TECHNOLOGICAL COOPERATION. SPECIFICALLY, THE GOC AND THE GOV AGREED TO AN EXCHANGE OF INFORMATION IN THE PETROLEUM FIELD, THE IMPORTANCE OF CONTINUED OIL SALES TO CANADA, AND TALKS BETWEEN THE TWO STATE OIL COMPANIES, PETROVEN AND PETROCANADA. THEY FURTHER AGREED TO MORE CULTURAL EXCHANGES AND TO EXCHANGE INFORMATION AND EXPERTS IN THE FIELDS OF EDUCATION, SCIENCE, AND TECHNOLOGY. THE COMMUNIQUE CONDEMNED TERRORISM FOR AFFECTING ADVERSELY INTERNTIONAL STABILITY AND DEVELOPMENT AND CALLED FOR WORLDWIDE DISARMAMENT UNDER "STRICT AND EFFECTIVE INTERNATIONAL CONTROL" AND ADDITIONAL DENUCLEARIZED ZONES. BOTH COUNTRIES AGREED ON THE USEFULNESS OF SELA FOR REGIONAL COOPERATION, THE NEED TO CONSERVE MARINE RESOURCES AND THE PARTICIPATION OF DEVELOPING COUNTRIES IN INTER-NATIONAL DECISIONMAKING. LASTLY, THE COMMUNIQUE RECORDED TRUDEAU'S INVITATION TO PEREZ TO VISIT CANADA.

6. COMMENT: GOSSIP HERE ABOUT THE TRUDEAU VISIT HAS FOCUSED ON THE CONDUCT OF MRS. TRUDEAU, WHO WAS ACCOMPANIED BY HER INFANT SON. AT THE STATE DINNER MRS. TRUDEAU SHOOK PRESIDENT PEREZ BY DOWNING A BOTTLE OF COCA COLA - FROM THE BOTTLE - IN CHUG-A-LUG FASION. SHE LATER STARTLED HER HOSTS BY SUDDENTLY LAUNCHING INTO A SONG OF HER OWN COMPOSITION IN HONOR OF MRS. PEREZ.

7. THE DCM OF THE CANADIAN EMBASSY TOLD EMBASSY POLITICAL COUNSELOR THAT THE GOC VIEWED THE VISIT AS A SOLID SUCCESS IN STRENGTHENING BILATERAL RELATIONS. HE SAID THAT PEREZ AND TRUDEAU
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ESTABLISHED EXCELLENT PERSONAL RAPPORT AND THAT THEIR DISCUSSIONS, WHICH DID NOT GO INTO DEPTH ON SUBSTANTIVE ISSUES, AND AVOIDED DISCUSSION OF ALL "CONTENTIOUS ISSUES BETWEEN THE TWO COUNTRIES," WERE CONGENAIL THROUGHOUT. HE SAID TRUDEAU CONCENTRATED IN HIS TALKS WITH PEREZ ON THE NEED TO REDUCE CANADA'S TRADE DEFICIT WITH VENEZUELA. (TRUDEAU SPOKE SPANISH TO PEREZ THROUGHOUT, AND PEREZ ESSAYED A LITTLE ENGLISH.)
SHLAUDEMAN

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